

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking on the
Commission's Own Motion to Evaluate
Existing Practices and Policies for
Processing General Rate Cases and To
Revise the General Rate Case Plan for
Class A Water Companies

FILED
PUBLIC UTILITIES COMMISSION
SEPTEMBER 4, 2003
SAN FRANCISCO, CALIFORNIA
RULEMAKING 03-09-005

ORDER INSTITUTING RULEMAKING

INTRODUCTION

As provided by Section 455.2 of the Public Utilities Code, the Commission issues this Order to institute a rulemaking proceeding to update the Rate Case Plan (RCP or Plan) previously adopted by D.90-08-045, dated August 8, 1990 in R.89-03-003. The purpose of the original RCP and our purpose in this rulemaking are the same, namely "to promote timely processing of such cases, to enable the balancing of the workload of the Commission and its staff over time, and to enable a comprehensive Commission review of the rates and operations of all Class A water utilities..."

Revision of the original Plan is necessary to conform our scheduling and processing format with the requirements and provisions of new legislation and to realistically forecast how the existing Commission resources can best achieve comprehensive and timely processing. Assembly Bill 2838 which amended Section 409 of the Public Utilities Code, and added Section 455.2, to the Public Utilities Code significantly changed the Commission workload. It mandates Class A water utilities and districts thereof, to file a general rate case every three years rather than simply

allowing the utilities the option of filing every three years. This will alter what has been an average RCP workload in normal years from 12-districts to 22 districts per year.¹ This reality significantly impacts the ability of the Commission to produce thorough investigations and well-informed rate decisions. Accordingly, significant changes in the practices and procedures for Commission processing of these rate case applications may be required. To realistically allocate our resources and best facilitate the new RCP framework in compliance with section 455.2's three-year filing mandate, we shall consider defining the initial filing year for each utility district as the first such filing in year 2004 through 2007. Thereafter, the three-year mandated filing cycle shall commence and be maintained.

PRELIMINARY SCOPING MEMO

This rulemaking will be conducted in accordance with Article 2.5 of the Commission's Rules of Practice and Procedure. As required by Rule 6(c)(2), this order includes a preliminary scoping memo as set forth below.

The issues to be considered in this proceeding are as follows:

- (1) What statutes have been adopted since promulgation of the Commission's Rate Case Plan, Decision 90-08-045, that should be addressed by modification of the 1990 Plan?

¹ In the years 1997 thru 2001, the average RCP workload pertained. However, late in 2001, the Commission signaled its willingness to consider limiting the availability of balancing account recovery for expenses for Class A water utilities that were earning in excess of their authorized rate of return and/or had opted not to submit to rate case scrutiny at the end of their regular three year cycle. Utilities unsure of how the Commission might rule in R.01-12-009, the balancing account proceeding, promptly filed rate cases to ensure that they would no longer be outside their RCP cycle. Thus, the RCP workload for the ensuing years was substantially unbalanced. One utility filed applications for 15 districts in one year.

- (2) What rules should be established to best ensure that a certain but flexible schedule for thoroughly investigating and addressing rate changes proposed by water corporations can be accomplished?
- (3) What modifications of existing processing practices and policies should be implemented to best ensure that the Commission can render well-informed and well-considered rate decisions consistent with a schedule upon which utilities can rely?
- (4) What measures should be adopted to avoid the domino effect of delayed utility GRC processing (eg. one utility late causes, in turn each successive utility to be late)? Should those measures include predetermined penalties and/or constraints?
- (5) To what extent does the Draft Proposed Rate Case Plan for Class A Water Utility General Rate Applications adequately address issues one through four above?

Pursuant to Rule 6(c)(2), we preliminarily determine the category of this rulemaking proceeding to be quasi-legislative as the term is defined in Rule 5(d).

We intend to consider revising our practices and procedures for processing general rate cases for Class A water utilities. At this time, we do not anticipate holding formal hearings.² We shall hold workshops to be convened by the Water Division. We need not determine at this time whether to hold hearings to receive testimony regarding adjudicative facts.³ Any party that believes a hearing is required to receive testimony regarding adjudicative facts must make an explicit request. Such request should be made in filed comments and must (1) identify the

² Under Rule 8(f)(2), “‘Formal hearing’ generally refers to a hearing at which testimony is offered or comments or argument taken on the record. In a quasi-legislative proceeding, ‘formal hearing’ includes a hearing at which testimony is offered on legislative facts, but does not include a hearing at which testimony is offered on adjudicative facts.” And, under Rule 8(f)(3), “‘Legislative facts’ are the general facts that help the tribunal decide questions of law and policy and discretion.”

³ Rule 8(f)(1): “‘Adjudicative facts’ answer questions such as who did what, where, when, how, why, with what motive or intent.”

material disputed facts, (2) explain why a hearing must be held, and (3) describe the general nature of the evidence that would be introduced at a hearing. Any right a party may otherwise have to such a hearing will be waived if it does not follow these procedures.

The timetable for this proceeding will depend on the input we receive from the parties. For purposes of addressing the scoping memo requirements, we establish the following tentative schedule, which is subject to change by the assigned Commissioner or the assigned

Administrative Law Judge (ALJ):

September 4, 2003	Order Instituting Rulemaking
September 12, 2003	Workshop to identify controversial issues and to develop future workshop schedule
September 16, 2003	Those interested must file for party status to insure receipt of all filings
October 16, 2003	Comments on Appendix A, Draft Proposed Rate Case Plan
November 3, 2003	Reply Comments on Appendix A
November 18, 2003	Proposed Order
December 18, 2003	Order Issues
January, 2004	Additional Scheduling - ALJ Ruling Addressing Any Remaining Issues

Through the scoping memo and subsequent rulings, the assigned Commissioner and the assigned ALJ by ruling with the assigned Commissioner's concurrence, may adjust the timetable as necessary during the course of the proceeding and establish the schedule for remaining events.⁴

In no event do we anticipate this proceeding to require longer than 18 months to complete.

Interested parties may file according to schedule, opening comments addressing the components of Appendix A, the Draft Proposed Rate Case Plan for Class A Water Utility General Rate

⁴ Pursuant to Rule 5(k)(3), the assigned Commissioner is the presiding officer in a quasi-legislative proceeding, except that the assigned ALJ shall act as the presiding officer in the Commissioner's absence at any hearing other than a formal hearing as defined in Rule 8(f)(2).

Applications. Appendix A was prepared by the Water Division upon consultation with the various decisions of the Commission that are involved in the processing of the Class A water utilities general rate cases. Comments should identify the issues of significance to the party, discuss its impact and whether it is a desirable change, if an undesirable change, comments should include recommended alternative approaches that will not negatively impact Commission workload and offer any other suggestions for modification of the RCP that are not now addressed by Appendix A. In addition, comments should specifically propose or comment on the measures that will be instrumental in discouraging or precluding the occurrence of the domino effect described in Issue 4 of the Preliminary Scoping Memo at page 3 of this text. The opening comments shall follow the requirements of Rule 14.5, Form of Proposals, Comments, and Exceptions. Pursuant to Rule 6(c)(2), parties shall include in their “Opening Comments” any objections they may have regarding (1) the categorization of this proceeding as quasi-legislative, and (2) this preliminary scoping memo.

Following the receipt of opening comments, the assigned Commissioner will issue a ruling that determines the category, need for hearing, scope, and schedule of this rulemaking (Rules 6(c)(2) and 6.3). The ruling, only as to category, may be appealed under the procedures in Rule 6.4.

SERVICE LIST

The possible rule changes to be considered in this Rulemaking could affect all Commission regulated Class A water service utilities and such changes may be of interest to all regulated water and sewer service utilities. Issues related to water quality and supply that are expressly included in Appendix A, at pages 8 and 11, may be of interest to the Drinking Water Field

Operations Branch of the Department of Health Services. We will therefore direct that this rulemaking order and its appendices initially be served on all Commission regulated water and sewer service utilities, the Water Branch of the Office of Ratepayer Advocates (ORA), as well as Dave Spath, Chief, and Norman Knoll, Counsel, for the Drinking Water Field Operations Branch of the California Department of Health Services.

After initial service, a new proceeding service list will be formed by the Process Office, published on the Commission's Internet site and updated throughout the proceeding. The new service list will *not* automatically include the parties who received service of this order. Only Class A water service utilities, ORA, Dave Spath, Chief, of the Drinking Water Field Operations Branch of the California Department of Health Services, and Norman Knoll, Attorney, Drinking Water Field Operations Branch of the California Department of Health Services will be included automatically on the new service list. Other interested parties, including other water and sewer system utilities who wish to participate, must request to be added to the new service list by submitting a written request or electronic mail request to the Commission's Process Office, stating their full name, the entity they represent, the postal address and telephone number of the person to be served, an e-mail address if they are willing to be served electronically and their desired service list category (Appearance, State Service, or Information Only). All interested parties must notify the Process Office by September 17, 2003 if they expect to be served all documents. Parties serving documents may rely on the Internet service list published as of the date their documents must be served or may obtain a copy of the service list by calling the Process Office at (415) 703-2021.

Parties are requested, but not required, to provide an electronic copy of all formal filings to the assigned ALJ. Any common-PC compatible word processing format is acceptable, although

WordPerfect or Microsoft Word (any version) is preferred. Submittal may be by e-mail or by including a floppy disk with the ALJ's hardcopy served in accordance with Rule 2.3(a).

IT IS ORDERED THAT:

1. A rulemaking on the Commission's own motion is instituted to determine if the Commission should update the existing practices and policies for processing general rate cases and to revise the Rate Case Plan for Class A Water Companies.
2. This rulemaking is preliminarily determined to be a quasi-legislative proceeding as that term is defined in the Commission's Rules of Practice and Procedure, Rule 5(d).
3. This proceeding is preliminarily determined not to need a formal hearing.
4. The expected timetable for this proceeding is as set forth in the body of this order. The assigned Commissioner by scoping memo and subsequent rulings, and the assigned Administrative Law Judge by ruling with the assigned Commissioner's concurrence, may adjust the timetable as necessary during the course of the proceeding, provided that in no instance shall this proceeding require longer than 18 months to complete.
5. All Class A water utilities (utilities with over 10,000 service connections) and the Commission's Office of Ratepayer Advocates shall comment on the issues raised in the draft Proposed Rate Case Plan attached hereto as Appendix A. All other interested parties are invited to respond.
6. Pursuant to Rule 6(c)(2)), parties shall include with their opening comments any objections they may have regarding (1) the categorization of this proceeding as quasi-legislative, (2) the determination not to hold hearings, and (3) the preliminary scoping memo.

7. The Executive Director shall mail a copy of this order to be served upon respondents, all water and sewer service utilities, the Office of Ratepayer Advocates, Dave Spath, Chief, Drinking Water Field Operations Branch, California Department of Health Services, at 714/744 P St., PO Box 942732, Sacramento, CA 94234-7320, and Norman Knoll, Counsel, Drinking Water Field Operations Branch, California Department of Health Services, at MS 0010, Sacramento, CA 95814. After service of this order, the service list for this proceeding shall be formed following the procedures set forth in the Service List section in the body of this OIR.
8. This order is effective today.

Dated September 4, 2003, at San Francisco, California.

MICHAEL R. PEEVEY
President
CARL W. WOOD
LORETTA M. LYNCH
GEOFFREY F. BROWN
SUSAN P. KENNEDY
Commissioners

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DRAFT Proposed

Rate Case Plan for Class A Water Utility

General Rate Applications

I. Introduction

The following rate case plan (RCP) proposes revisions to the RCP adopted by D.90-08-045, dated August 8, 1990 in R.89-03-003. The intention of the 1990 RCP remains the same, i.e., “to promote timely processing of such cases, to enable the balancing of the workload of the Commission and its staff over time, and to enable a comprehensive Commission review of the rates and operations of all Class A water utilities...” Changes are now required due to the passage of Assembly Bill (AB) 2838 which amended Section 409 of the Public Utilities Code, and added Section 455.2, to the Public Utilities Code. The primary change is to mandate all Class A water utilities and districts thereof, to file a general rate case (GRC) every three years and to require the Commission to issue a timely decision on rate case applications consistent with the Rate Case Plan.

Section 455.2 states: “(a) The Commission shall issue its final decision on a general rate case application of a water company with greater than 10,000 service connections in a manner that ensures that the Commission’s decision becomes effective on the first test year in the general rate increase application.

(b) If the Commission’s decision is not effective in accordance with subdivision (a), the applicant may file a tariff implementing interim rates that may be increased by an amount equal to the rate of inflation as compared to existing rates. The interim rates shall be effective on the first test day of the first test year in the general rate case application. These interim rates shall be subject to refund and shall be adjusted upward or downward back to the interim rate effective date, consistent with the final rates adopted by the Commission. The Commission may authorize a lesser increase in interim rates if the Commission finds the rates to be in the public interest. If the presiding officer in the case determines that the Commission’s decision cannot be effective on the first day of the first test year due to actions by the water corporation, the presiding officer or Commission may require a different effective date for the interim rates or final rates.

(c) The Commission shall establish a schedule to require every water corporation subject to the rate case plan for water corporations to file an application pursuant to the plan every three years. The plan shall include a provision to allow the filing requirements to be waived upon mutual agreement of the Commission and water corporation.

(d) The requirements of subdivisions (a) and (b) may be waived at any time by mutual consent of the Executive Director of the Commission and water corporation.”

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II. General Rate Case Structure, Process and Definitions

Each utility or each district of a multi-district utility will be allocated a time for filing its general rate application once every three years, either in January or July. The deadline for the utility to file its application is either January 5th or July 5th. The filing schedule will be determined by the Water Branch of the Office of Ratepayer Advocates (ORA) in cooperation with all Class A utilities subject to review for workload consideration by the Administrative Law Judge Division and the Water Division. Once the filing schedule is determined, there should be no deviation from the RCP filing schedule.

Pursuant to Section 455.2, if the Commission's GRC decision is not timely, interim rates may be adopted in an amount equal to the rate of inflation. The "Estimates of Non-labor and Wage Escalation Rates" as published by the Office of Ratepayer Advocates, Energy Cost of Service Branch (ECSB) determines the rate of inflation to be applied.

To ensure that the effective dates for implementation of new rates corresponds with the intent of Section 455.2, the test year date shall be the same as the effective date of rates. The effective date of rates for January filings will be the following January. The effective date of rates for July filings will be the following July. For utilities with January filings, the calendar year following the year of filing is the test year, and wage rate escalation requests are permitted for the two calendar years following the test year. For utilities with July filings, the next fiscal year beginning with July following the year of filing is the test year, and wage rate escalation requests are permitted for the two fiscal years following the test year. Escalation rate approval is subject to an earnings test. The escalation rate can be found in the Wage Escalation Rates prepared by ECSB.

To facilitate an orderly discovery process, parties shall address all items listed in ORA's master data request when tendering the Proposed Application (PA), formerly known as Notice of Intent, and respond fully including objections to all subsequent data requests within ten calendar days from the date the requests are received by the utility. Notwithstanding any objections the utility shall provide all responsive documents unless the utility claims the documents are subject to privilege. Failure of the utility to provide full responses including objections to ORA within ten calendar days is grounds for suspension of the schedule or dismissal of the application by the ALJ upon request by ORA. ORA may grant extensions of the 10-day time period for response if the utility makes a request for an extension within the 10-day response time. Parties unable to informally resolve objections that data requests are unduly burdensome or otherwise inappropriate will notify the ALJ within 10 calendar days from the date the response is due.

Informal communications between applicant and ORA are encouraged at all stages of the proceedings, including the PA review period, in order to facilitate understanding by the parties of their respective positions, to avoid or resolve discovery disputes, and to avoid unnecessary litigation. Following issuance of ORA's showing, parties are encouraged to initiate discussions to clarify their respective positions and to identify opportunities for stipulations and settlements where appropriate.

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It is necessary to streamline processing of GRC filings, thus maximizing the use of limited resources. Class A water utilities are mandated to file an application once every three years pursuant to Section 455.2. Mandated filing can be waived at any time by mutual consent of the executive director of the Commission under advisement of ORA and the water corporation and alternative filing year selected.

Water utilities that do not follow the three years filing requirements of the adopted Rate Case Plan and Section 455.2 shall be subject to penalties. If the utility misses its filing schedule time frame, the utility will be prohibited from filing a GRC until the next appointed time cycle and loses opportunity to file offset rate increases between the cycles, including Balancing Accounts (purchased water and pump tax power). At the Commission's discretion, penalties also could include fines of up to (\$20,000) for each offense pursuant to PU Code 2107. In extreme cases, each day of filing delay could be considered as an individual offense.

At present, January and July filers use the same calendar year as test year. For example, a utility filing a GRC either in January or July 2004 would use the same calendar year starting January 1, 2005 and ending in December 31, 2005 as the first test year. Under the provisions of Section 455.2, a utility filing a GRC in July would automatically get its rates in effect on January 1, 2005 even though the RCP calls for a decision in this matter several months later. In order to avoid this problem, the water utilities filing GRC in July should be required to use test years beginning July 1, and ending June 30 the following year.

A utility filing a GRC on January 1, 2004 should be required to make a showing based on adjusted recorded year 2003. The estimated year 2004, test year 2005, should be projected by applying labor and non-labor escalation factors (less productivity) to expenses. Some examples of these expenses include operations and maintenance, labor, and materials. Escalation years 2006 and 2007 will not be projected. Utilities may seek wage rate escalation for years 2006 and 2007 by filing an advice letter (on or before November 5, 2005 and 2006 respectively by January filers, or on before May 5, 2005 and 2006 respectively for July filers). The advice letter rate calculation shall use contemporary ECSB escalation factors and apply the pro-forma earnings test as applied to the 12-months ending in September 2005 and 2006 respectively for January filers, and July filers using the preceding 12 months ending in April 2005 and 2006 respectively. Upon receipt of the Advice Letters, the Water Division has five working days to evaluate and, if appropriate, reject the filing for incomplete data or erroneous calculations. Upon the 6th day following Advice Letter filing, absent Water Division rejection, the Advice Letter rates shall be effective. If it is later determined that the Advice Letter is deficient, the Water Division shall inform the Commission and prepare a Resolution to adjust the rates.

Some of the large water utilities with multiple districts have been filing requests for general office expense allocation once every three years. This process has worked well and

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allows the best use of Commission staff resources. Therefore, this process should be continued. The adopted escalated general office expenses would then be in effect for all districts of a multi-district water utility for the next three years.

The Cost of Capital will continue to be determined in the GRC. However, a standardized method, as adopted by the Commission in this proceeding, will be used to determine the Return on Equity (ROE) component of the Cost of Capital going forward. We see benefit in using a standardized method in determining ROE as it has been the most complex and controversial aspect for deciding the appropriate Cost of Capital for a utility. The new standardized approach to ROE will remove a controversial and time-consuming piece out of the GRC.

If the GRC results in Advice Letter recommendations for ratebase offsets, the parameters to determine the reasonableness of the project must include cost evaluations, designs, and detailed descriptions and these parameters must be clearly expressed in the Commission Decision. The job of the Water Division upon receipt of advice letter rate base offset filing shall be limited to ascertaining whether the project is, in fact, used and useful in conformance with the parameters identified in the Decision. If there has been no Commission authorization for the offset or the utility advice letter has been appropriately rejected, the utility may file a separate application.

The following detailed schedule also incorporates substantive issue changes to the 1990 RCP. We encourage careful attention to the discussions of topic number (1) PA Filed; (4) Applications Filed; and, (16) ALJ's Proposed Decision.

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Rate Case Plan for Class A Water Utility
General Rate Applications

III. Schedule Summary

EVENT	Day Schedule			
	Number of Districts			
	1	2-4	5-6	7-8***
1 Proposed Application Tendered*	-60	-60	-60	-60
2 Deficiency Letter Mailed	-30	-30	-30	-30
3 Commissioner and ALJ Assigned	-10	-10	-10	-10
4 Application Filed**	0	0	0	0
5 Hearing Dates Set	5 - 75	6 - 75	7 - 75	8 - 75
6 Public Witness Meetings	45 - 60	46 - 60	47 - 60	48 - 60
7 Distribution of ORA Reports	97	102	112	122
8 Rebuttal & Intervener Testimony	107	112	122	137
9 Settlement Discussions	112	117	127	142
10 Hearings Begin	122	127	137	158
11 Hearings End	127	132	142	163
12 Initial Briefs Filed	147	152	167	188
13 Case Submitted/Last Briefs	152	157	172	198
14 ALJ Memo to Water Division	167	174	192	218
15 Water Division provides Tables	225	230	245	266
16 ALJ's Proposed Decision Mailed	237	242	257	278
17 Comments on Proposed Decision	257	262	277	298
18 Replies to Comments	262	267	282	303
19 Commission Meeting	277	282	297	318

* January filers no later than 11/5; July filers no later than 5/5, Adjusted for Scheduled Day Falling on Weekend or Holiday.

** January filers no later than 1/5; July filers no later than 7/5, Day to be adjusted to actual date the application is filed.

*** No more than 8 districts can be filed to effectuate this schedule.

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Rate Case Plan for Class A Water Utility
General Rate Applications

IV. Detailed Schedule

1. Proposed Application (PA) Filed
Day –60 (All Applications)

An original and six copies of a PA shall be tendered by applicant for filing with the Docket Office. January filers shall file no later than November 5th and July filers no later than May 5th.

For proceedings involving only one district, an additional four copies of the complete PA plus four sets of applicant's standard workpapers shall be delivered to ORA. For proceedings involving two or more districts of a multi-district utility, an additional six copies of the complete PA plus five sets of applicant's standard workpapers shall be delivered to the ORA. In addition, one copy of the complete PA plus one set of applicant's standard workpapers shall be delivered to the Commission's Legal Division. All documents filed with the Commission, and applicant's workpapers, shall be furnished by applicant to interested parties on written request.

The PA shall contain a brief statement of the amount and percent of the increases sought and the reasons for the proposed increases. Documentation constituting the utility's proposed showing in support of the results of operations and rate of return, including draft prepared testimony and draft exhibits with complete explanations and summaries, shall be submitted as part of the PA. The PA shall also include a proposed notice to customers spelling out the reasons for the requested increase and an estimated average bill increase for a typical customer in each customer class.

There are many methodologies for the various components of the GRC. However, the utility must include its proposed methodology as well as the following methodologies for each section.

For the Results of Operation section, the number of customers for the test year and projected years should be computed by adding an annual increment representing average customer increase to each of the test year and projected years. The annual increment should be based on the simple average customer increase of the latest five recorded years. The usage per customer for the test year and the projected years should be computed by using a simple average of the latest five years of recorded usage per customer except for declared drought conditions by public officials. The data for the drought years should be substituted by data of previous years. All operational and maintenance expenses with the exception of off-settable expenses and management salaries should be computed by using inflation adjusted simple five years average escalated for test and subsequent years.

For the plant portion of the GRC, the test year and projected years' estimates should be derived by taking the year-end properly recorded plant balance of the latest recorded year and adding to it the average plant additions of the last five years. If the utility requests special projects, then full justification must be provided for these additional items.

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The documentation will also contain a revenue requirement comparison, showing all changes between the last adopted vs. the proposed figures. The PA shall include the utility's proposed schedule for the case, which shall reflect the RCP and include specific dates that account for Saturdays, Sundays, and holidays.

The PA shall state that the test period(s) adopted by the applicant is acceptable to ORA. The required supporting material shall contain a results of operations study for the test period(s) based on decisions and adjustments adopted by the Commission in applicant's last general rate case and in subsequent policy decisions of the Commission. The following must appear in utility testimony and workpapers: (1) Policy change proposals on issues already decided by the Commission shall be clearly identified and the reasons therefore shall be clearly stated; (2) If a utility's proposals was previously rejected by the Commission, the renewed proposal must be clearly stated and justified.

The PA shall not be accepted for filing if, within 30 days after the PA is tendered, ORA advises the Docket Office that all of the above requirements have not been met. The date the PA is tendered for filing shall be the filing date unless ORA advises the utility otherwise by a deficiency letter and the deficiency remains uncorrected (see below).

2. Deficiency Letter Mailed
Day -30 (All Applications)

Not later than 30 days after the PA is tendered for filing, ORA shall advise the utility in writing of any unresolved deficiencies in the tendered PA which may result in the rejection of the tendered PA or suspension of the RCP pending correction. Unless a deficiency letter is submitted to the utility on or before this date, the PA will be accepted for filing as of the date tendered. Utilities will then have ten days to correct the deficiencies identified or be subject to rejection of the PA or suspension of the RCP schedule.

At a minimum, the deficiency may include incomplete responses to ORA's Master Data Request document. The burden of proof requires that the utility identify and explain specific increases, present analysis for specific data, and present explanations for forecasting methods.

If the utility does not agree with the deficiency letter, it may appeal first to ORA Director, and if a satisfactory resolution is not reached within three working days, then to the Executive Director. The Deficiency letter shall explain the appeal process.

3. Commissioner and ALJ Assigned
Day -10 (All Applications)
The Commissioner and the ALJ shall be assigned.

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4. Application Filed
Day 0 (All Applications)

The application may be filed on or after the 60th day after the date the PA is filed. January filers shall file the application no later than January 5th and July filers no later than July 5th. An update of applicant's PA showing should be comprehensively covered in the application. It should include all new information which was not available when the PA was filed. No updating of the applicant's showing shall be permitted after the application is filed. Under extraordinary circumstances, a utility may be allowed or ordered to provide information updates. If that should occur, then the first day of the test year will move forward the same number of days as the number of days between the date of application and the date the last update is filed. For example, if the last additional update is filed two weeks after the date of application, then the first day of the test year will also move forward by two weeks.

The application shall be filed in conformance with the Commission's Rules of Practice and Procedure. One copy of the application shall be submitted to the assigned ALJ. For applications involving only one district, an additional four copies of the application shall be delivered to ORA. For applications involving two or more districts of a multi-district utility, an additional six copies of the application shall be delivered to ORA. In addition, one copy of the application shall be delivered to the Legal Division. Applicant shall furnish the application to interested parties upon written request.

Applicant shall include notice of the scheduled public meeting(s) with its notice, as approved by ORA, of filing its application pursuant to Public Utilities Code 454. The notice must include such information as the reasons for the requested increase and an estimate of average bill increase for a typical customer in each customer class. The notice should also include all other information as provided by the Public Office. This notice shall include the address of the applicant's office in each of its service areas where copies of the application may be inspected. The application filing date is considered Day 0 for determining all subsequent elements of the RCP schedule.

For each district and for General Office*, the application shall include all exhibits, prepared testimony, and other evidence constituting applicant's showing, and shall also include a comparison exhibit showing any differences between the PA and the showing submitted with the application and explaining the differences.

The application shall be as complete as possible and include the following:

1) A Significant Issues List: The major changes that led to the requested increase should be identified and quantified. Each issue should include detailed explanations and justifications for the requested increase, with cross-reference to evidentiary support.

2) More discussion and Analysis of Tables: Unexplained data is of little value to assessing whether the utility has met its burden. Comparison of current projections to historical information, as well as descriptions of the forecasting method used is necessary. Where available, references to external, objective support for the forecasts should be provided. Where relied on, professional judgment should be acknowledged.

* General Office expense allocation proposals may be filed only once every three years.

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3) Complete the Evidentiary Presentation in the record: The evidence on the record should be presented in a clear and understandable manner, with the issues identified and explained. Supporting information and calculations can be contained in workpapers so long as the workpapers are included in the record, and the report cross-references the exact location of the calculations and supporting information.

4) In an effort to further other Commission objectives, the application should include the customer and employee demographics on a district-by-district basis, including ages, races, sex, language, and for customer only income levels and number of person in household. The Commission also would like to collect information regarding the economic impacts of new jobs created within the GRC. Capital Plant Additions should include information on the number of jobs created, and the local economic impacts of the new investment, if any.

5) The Application should include a chapter on water supply and water quality. It should address whether during the period since the last district's GRC, the district has complied with Department of Health Services (DHS) safe drinking water standards. There should be a complete explanation for all maximum contaminant level (MCL) exceedence and deviation from accepted water quality procedures. A copy of each district's annual consumer confidence report for each year not covered by the last GRC shall be included. A copy of DHS citations, if any, should be included and information on whether said violation has been corrected.

5. Hearing Dates Set

Day 5 to 75 (All Applications)

The ALJ, with concurrence with the assigned Commissioner, shall set the day, time, and place of evidentiary hearings and advise the parties of the setting. The applicant shall provide notice of the hearings in accordance with Rule 52 of the Rules of Practice and Procedure and any supplemental procedures adopted ORA and/or directed by the ALJ pertaining to notice of hearings. Hearing dates will be reserved to assure availability of a court reporter.

6. Public Witness Meeting(s)

Day 45 to 60 (All Applications)

Public Meetings chaired by the ORA project manager or counsel may be held during this period. A representative from the utility shall be present at the meetings to answer questions regarding the utility's operations and its proposals. Within five days after the public meetings, ORA project manager shall advise the ALJ if formal public participation hearings are recommended. Alternatives to the public meeting including emails, letters, phone or video conferences shall be considered. If there are no controversial issues for a particular district, than a Public Participation Hearing (PPH) is not necessary and customers can respond with written letters as an alternative.

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7. Distribution of ORA Reports

Day 97 (1 District)

Day 102 (2 – 4 Districts)

Day 112 (5 – 6 Districts)

Day 122 (7 – 8 Districts)

ORA shall serve the exhibits and prepared testimony constituting its showing on applicant and on all parties requesting them. Two sets shall be submitted to the ALJ. ORA workpapers shall be available within five working days after service of its exhibits and testimony.

8. Rebuttal and Intervener Testimony

Day 107 (1 District)

Day 112 (2 – 4 Districts)

Day 122 (5 – 6 Districts)

Day 137 (7 – 8 Districts)

The Utility has ten days from the date ORA issues its Reports to submit rebuttal testimony.

9. Settlement Discussions

Day 112 (1 District)

Day 117 (2 – 4 Districts)

Day 127 (5 – 6 Districts)

Day 142 (7 – 8 Districts)

ORA and the Utility have ten days for settlement discussions.

10. Hearings Start

Day 122 (1 District)

Day 127 (2 – 4 Districts)

Day 137 (5 – 6 Districts)

Day 158 (7 – 8 Districts)

Evidentiary hearings commence. Applicant and any other party shall identify the subject matter and sponsoring witness of any rebuttal showing it intends to offer unless different provision has been made by the ALJ. No new witness(es) is allowed unless the witness(es) has been identified in the original application. The ALJ may limit the scope of the rebuttal.

The post-hearing stage of the RCP schedule is based on the availability of daily transcripts which shall be ordered by applicants. Non-availability of transcripts may be cause for extending the schedule.

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11. Hearings End

Day 127 (1 District)

Day 132 (2 – 4 Districts)

Day 142 (5 – 6 Districts)

Day 163 (7 – 8 Districts)

Hearings shall be completed. The Commissioner and/or the ALJ may require the applicant and/or ORA to jointly offer a late-submitted comparison exhibit identifying differences between ORA and the applicant, the dollar and percentage effect of the differences, and the reasons for them. The Commissioner and/or the ALJ may request other late-submitted exhibits from ORA, the applicant or any other party.

12. Initial Briefs Filed

Day 147 (1 District)

Day 152 (2 – 4 Districts)

Day 167 (5 – 6 Districts)

Day 188 (7 – 8 Districts)

Concurrent briefs may be filed by parties. The Commissioner and/or the ALJ may direct and outline specific issues to be briefed; briefing of additional issues is optional.

13. Case Submitted/Final Briefs Filed

Day 152 (1 District)

Day 157 (2 – 4 Districts)

Day 172 (5 – 6 Districts)

Day 198 (7 – 8 Districts)

Upon filing of final reply briefs, the case is submitted for decision making. This marks the end of the receiving testimony and the record is closed.

14. ALJ Memo to Advisory Staff of Water Division

Day 167 (1 District)

Day 174 (2 – 4 Districts)

Day 192 (5 – 6 Districts)

Day 218 (7 – 8 Districts)

The ALJ will provide Branch with the information on the proposed resolution of issues which is necessary to prepare appendixes and tables for the proposed decision.

15. Advisory Staff of Water Division provides Tables

Day 181 (1 District)

Day 195 (2 – 4 Districts)

Day 220 (5 – 6 Districts)

Day 266 (7 – 8 Districts)

The Branch will prepare the necessary appendixes and tables to the ALJ.

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16. ALJ's Proposed Decision Mailed

Day 237 (1 District)

Day 242 (2 – 4 Districts)

Day 257 (5 – 6 Districts)

Day 278 (7 – 8 Districts)

The ALJ's proposed decision shall be filed and served on all parties. The timeline for this event is consistent with the PUC Code 311, section 9(d) and Rule 77.1. If an alternate (Rule 77.6) is served with the proposed decision, or if the alternate is served at least 30 days before the Commission meeting at which the proposed decision is scheduled to be considered, the alternate is subject to public review and comment.

In addition to relevant issues raised in the proceeding, each decision: (1) shall discuss utility's district-by-district compliance with water quality standards; (2) unless deviation is otherwise expressly justified in the decision, shall include standard ordering paragraphs providing for escalation year increases subject to an earnings test^{*}; and, (3) shall include a thorough and complete discussion of parameters for any plant additions authorized for Advice Letter rate base offset filing, including but not limited to, detailed design, use and processing descriptions and cost evaluation.

17. Comments on Proposed Decision

Day 257 (1 District)

Day 262 (2 – 4 Districts)

Day 277 (5 – 6 Districts)

Day 298 (7 – 8 Districts)

Comments on the ALJ's proposed decision are filed and served on all parties. (Rule 77.2)

18. Replies to Comments

Day 262 (1 District)

Day 267 (2 – 4 Districts)

Day 282 (5 – 6 Districts)

Day 303 (7 – 8 Districts)

Replies to comments on the ALJ's proposed decision are to be filed and served on all parties five days after the comments are served. (Rule 77.5)

^{*} Sample ordering paragraph for escalation should be inserted here. The order should be consistent with the escalation provisions of page 3, last complete paragraph.

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19. Expected Commission Meeting
Day 277 (1 District)
Day 282 (2 – 4 Districts)
Day 297 (5 – 6 Districts)
Day 318 (7 – 8 Districts)

In accordance with 311(d), the matter will be placed on the agenda for the first regularly scheduled meeting of the Commission occurring 30 or more days after the date the proposed decision of the ALJ is filed. Pursuant to PUC Code 311(e), any item that appears on the Commission agenda as an alternate item (substantial revisions) to a proposed decision shall be served upon all parties immediately and shall be subject to public comment before voting. The item may not be rescheduled for consideration sooner than 10 days following service of the alternative item upon all parties.

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Rate Case Plan for Class A Water Utility
General Rate Applications

V. Class A Water Company Schedule

CALIFORNIA PUBLIC UTILITIES COMMISSION
WATER UTILITY GENERAL RATE CASE FILING SCHEDULE

Filing Date	Districts	Utility	Filing Date	Districts	Utility
Jan 04	7	So Cal : Region I	July 04	8	CalWater & GO
	4	Cal-Am : Sac. Larksfield Village & Coronado		1	San Gabriel: GO & LA
	1	Park: Central & GO			
Jan 05	8	So Cal: Region III & GO	July 05	8	CalWater
	3	CalAm: GO, Monterey Felton, Montera		1	Great Oaks
	1	Park: Apple Valley		1	San Gabriel: Fontana
				1	Suburban
Jan 06	1	So Cal: Region II	July 06	8	CalWater
	1	San Jose		1	Valencia
	3	Cal Am LA: 3 districts			

Note: Major applications/cases through 2006. Total Class A Companies = 10.

(1) In order to balance the staff workload over 3-year, CalWater, Park and Valencia Water Cos. are placed in this filing schedule. The utilities will be allowed to file for additional GRCs to make up the difference from the last GRC to this schedule.

(End of Appendix A)